

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7900

BILL NUMBER: SB 464

NOTE PREPARED: Jan 11, 2005

BILL AMENDED:

SUBJECT: Motor Vehicle Repairs.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements for insurers concerning covered motor vehicle repairs.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill add certain practices by insurers relative to motor vehicle repairs to the list of unfair claim settlement practices.

Individuals suspected of violating the prohibition on unfair and deceptive acts or practices in the business of insurance may be subject to a hearing by the Commissioner of the Department of Insurance (DOI). Adding a prohibition may increase the number of violations for which a hearing may ensue. However, the DOI should be able to handle any additional expenses given its current budget and resources.

Because the state is self-insured, the state does not purchase motor vehicle insurance. Consequently, the bill would have no impact on the state relative to state expenditures for motor vehicle insurance and repair.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice. The Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures: School corporations and other local units do purchase motor vehicle insurance, although statewide total expenditures for insurance are not known. The effect, if any, that the proposal would have on local expenditures is indeterminable.

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected: Local units that purchase insurance for motor vehicles.

Information Sources: Chuck Nemeth, State Board of Accounts, 232-2520.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.